NCA
VOC FOR IOP/FN
BACKGROUNDER NO. 1-0912 JUNE 9, 1976
RON GRUNBERG/PARIS

MOUNTING FRENCH POLITICAL DEBATE

ANNCR:

IN FRANCE, A DEBATE OVER TAX REFORM AND OVER THE FRENCH ROLE IN THE NATO ALLIANCE HAS LED TO WHAT SOME SEE AS A POLITICAL CRISIS FOR PRESIDENT GISCARD D'ESTAING. RON GRUNBERG SENDS THIS BACKGROUND REPORT FROM PARIS.

VOICE:

THE FRENCH NATIONAL ASSEMBLY IS DOMINATED BY GAULLISTS, ON WHOM PRESIDENT GISCARD D'ESTAING COUNTS FOR POLITICAL AND LEGISLATIVE SUPPORT. THE LEFT -- THE SOCIALIST AND COMMUNISTS -- ITSELF DIVIDED, WOULD WELCOME ANY OPPORTUNITY FOR THE PUBLIC TO FOCUS ON THE OBVIOUS SPLITS ON THE RIGHT. UP TO NOW, DURING THE TWO YEARS OF THE GISCARD ADMINISTRATION, THE SO-CALLED GISCARDIANS AND GAULLISTS HAVE KEPT DISPUTES LARGELY UNDER THE SURFACE. BUT NOW, SPARKED BY THE DEBATES OVER NATO AND TAX REFORM, THAT SPLIT HAS BECOME PUBLIC, AND THERE IS SPECULATION BOTH THAT THE GOVERNMENT'S MOST PRIZED PIECE OF DOMESTIC LEGISLATION WILL NOT SUCCEED IN THE ASSEMBLY, AND EVEN THAT THE GAULLIST PREMIER, JACQUES CHIRAC, WILL RESIGN.

THE NATO DEBATE SERVES AS PRELUDE. UNDER DE GAULLE, FRANCE WITHDREW FROM THE NATO MILITARY COMMAND. PRESIDENT GISCARD D'ESTAING HAS, DURING HIS ADMINISTRATION, MOVED CLOSER AND CLOSER TO ALIGNING FRANCE WITH THE NATO MILITARY. HE HAS STOPPED SHORT OF DOING SO OFFICIALLY, BECAUSE THERE WOULD BE PROTEST NOT ONLY FROM THE LEFT, BUT FROM THE GAULLISTS. BUT LAST WEEK, THE FRENCH ARMED FORCES CHIEF OF STAFF WROTE AN ARTICLE SAYING THAT IN THE EVENT OF A CONVENTIONAL WAR IN EUROPE, FRENCH FORCES SHOULD FIGHT

AT THE FRONT. THE GOVERNMENT CLAIMS IT DOES NOT WANT TO CHANGE FRANCE'S STATUS, BUT IT HAS BROUGHT ABOUT A POLITICAL DEBATE THAT HAS NOT SIMMERED DOWN.

AND NOW, THE TAX REFORM ISSUE. IT CENTERS ON GOVERNMENT PROPOSALS FOR A CAPITAL GAINS TAX, WHICH VERY SIMPLY, WOULD SHIFT THE TAX BURDEN TOWARDS THE MORE AFFLUENT. GISCARD D'ESTAING'S OWN PREMIER, THE GAULLIST JACQUES CHIRAC, HAS NOT CAMPAIGNED HARD FOR THE PROPOSAL, WHICH IS NOW BEING DEBATED IN THE NATIONAL ASSEMBLY. AND MANY GAULLIST MEMBERS OF THE ASSEMBLY HAVE PUBLICLY CONDEMNED THE MEASURE, CALLING IT "LEFTIST". THE MEASURE HAS ALREADY BEEN WEAKENED. ITS AUTHOR PROTESTS THAT THE BILL IS NOW "AWKWARD, DEPLORABLE AND UNFAIR."

OVER THE WEEKEND, THE PRESIDENT MET WITH PRIME MINISTER CHIRAC, BUT THAT WAS KEPT SECRET. IT IS CLEAR THAT THE GOVERNMENT HAS PLACED TOP PRIORITY ON PASSAGE OF TAX REFORM MEASURES SUCH AS THIS ONE. THE DEBATE HAS NOW RESUMED IN THE NATIONAL ASSEMBLY AND SOON IT SHOULD BE KNOWN WHETHER THE PROTESTS OF MANY GAULLISTS WILL DEFEAT THE MEASURE, AN ACTION WHICH MANY OBSERVERS BELIEVE COULD BRING ABOUT A POLITICAL CRISIS FOR GISCARD D'ESTAING.

GH/RCS